

VZCZCXRO1236
PP RUEHDE RUEHDIR
DE RUEHKU #0642/01 1201328
ZNR UUUUU ZZH
P 301328Z APR 07
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 8934
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 KUWAIT 000642

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STATE PASS TO USTR JBUNTIN
FOR NEA/ARP, EB/TPP/IPE

E.O. 12958: N/A
TAGS: [ETRD](#) [ECON](#) [KIPR](#) [KU](#)
SUBJECT: KUWAITI TIFA LEAD DISAPPOINTED BY SPECIAL 301
REPORT, LOOKS FORWARD TO USTR MEETING IN JUNE

REF: A. STATE 56390
[1](#)B. KUWAIT 390

[1](#)1. (SBU) On April 29, Econcouns and Econoff met with Ministry of Commerce and Industry (MOCI) Assistant Undersecretary Abdulazziz Al-Khaldi to deliver Ref A demarche. Al-Khaldi expressed disappointment that Kuwait retained its Watchlist ranking, noting (as he has in previous meetings) that Kuwait has made progress in the area of IPR enforcement (Ref B). He charged that UAE, among other countries, was a more egregious offender than Kuwait, yet he said the UAE does not appear on the Special 301 Report Watchlist despite what he alleged is the widespread availability of pirated products. He said, "You know what Kuwait has have done in the past year to improve." Econcouns acknowledged Kuwait's progress over the past year, particularly in raids on outlets suspected of peddling pirated goods, but noted that the lack of progress on key legislation hampers the effectiveness of Kuwait's IPR regime. Econcouns added that the U.S. hoped in addition that Kuwait would ratify and implement the WIPO internet treaties; Al-Khaldi indicated the action on that initiative rested with the Ministry of Information. Econcouns stressed that a worthy and realistic goal for Kuwait would be to continue progress on raids, pass the necessary legislation, and get off the Watch List next year.

[1](#)2. (SBU) Separately, emboffs met with Scott Butler, CEO of the Dubai-based Arabian Anti-Piracy Alliance (AAA) on April 25 to discuss Kuwait's IPR efforts. AAA supports regional anti-piracy efforts on behalf of the Motion Picture Association of America, the Business Software Alliance, and a number of international record labels. Butler said over the past year he had noted positive trends in both the number of raids and shops being closed. He said if these trends continue, he will advocate to USTR that Kuwait be removed from the Watchlist. He acknowledged the need to pass a revised copyright law with deterrent sentences, but argued that closing down shops ultimately achieves the same end. Butler said the AAA intends to next focus on working with the Communications Ministry to reduce internet and satellite TV piracy, and with the Kuwait Municipality to shut down street vendors. He thanked the Embassy for its ongoing support of IPR protection and said that the TIFA process is a useful tool for convincing the Kuwaitis to make progress in this area.

Pushing for Completion of Revised Laws Ahead of USTR Meeting

[1](#)3. (SBU) Al-Khaldi said he intends to travel to Washington for TIFA discussions with USTR in early June (vice late May). Post hopes USTR Shaun Donnelly will be available to meet

with him and his delegation. The delegation will likely include Al-Khalidi, his aide Khalidi Al-Azemi, MOCI Trademarks director Ali Al-Hajeri, Ministry of Foreign Affairs Economic Chief Shaykh Ali Al-Sabah, and Dr. Fayez Al-Kandari from the Ministry of Information. Al-Khalidi said he is pushing hard to have the revised copyright law finished before the trip and that he intends to have it ready to present to USTR. "We can't go to the U.S. without progress," he said. Dr. Fayez Al-Kandari at the Ministry of Information is the primary drafter, and Al-Khalidi said he is in regular contact with him. Al-Khalidi said the MOCI has proposed revising the law's sentencing guidelines for violators, including a minimum fine of 500 Kuwaiti dinar (\$1700 -- which is the current maximum fine), and three-month jail terms; non-Kuwaiti violators, whom Al-Khalidi insisted make up the vast majority of violators, would also be subsequently deported. MOCI has also proposed granting enforcement agencies the authority to seize and destroy counterfeit goods, which currently can only be disposed of following a complaint by the rights-holder. Al-Khalidi also said the revised patent law now includes language addressing USTR's comments, and that it will be delivered to the Council of Ministers "soon." He added that the parliament, which is still studying the revised tax law, has lowered the new law's tax rate to 10% from the 15% originally included in the Finance Ministry's draft.

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